Reviewing Member State emissions reduction targets (Effort Sharing Regulation) in line with the 2030 climate target plan

A Eurelectric response paper

February 2021

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: D/2021/12.105/8

WG Climate Change and Decarbonisation

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KEY MESSAGES

- Eurelectric supports a target of at least 55% GHG emissions by 2030. The Power sector calls for clarity as soon as possible on the necessary regulatory framework for investors.
- All sectors need to contribute to the increased 2030 climate ambition
- Policy makers must ensure policy coherence between the instruments and ensure a strengthened and well-functioning ETS system to drive cost effective investments by limiting the possible disturbances in the ETS price evolution in its current form.
- Policy makers must quickly clarify the best way to apply carbon pricing to these sectors (burden sharing between ETS and non-ETS sectors, combined solutions or separate system, gradual approach).
- Eurelectric generally supports the application of **carbon pricing in other sectors but is wary about implementation**. New carbon pricing systems for other sectors could be explored in parallel for possible future integration, but further assessment must take place with thorough testing. Current price levels of the EU ETS will not deliver the needed emissions reductions in the road transport sector.
- The Commission should consider a stepwise approach for extending the scope of CO2 pricing to the Non-ETS as and when needed. New carbon pricing systems for other sectors could be explored in parallel for possible future integration as and when needed, but further assessment must take place with thorough testing and standalone systems. In order to maintain the involvement of Member States in driving emissions down, the ESR should be maintained at this point.
- The rate of electrification need to be accelerated. Eurelectric calls on the Commission to develop a dedicated Electrification Strategy. In particular the right policies to support the expected strong uptake of electric vehicles are crucial and should allow for a stronger reduction of emissions in the transport sector.

Contribution ID: 52f97757-3b5b-4dff-a04e-c00e69c277bd
Date: 05/02/2021 12:28:00

Reviewing Member State emissions reduction targets (Effort Sharing Regulation) in line with the 2030 climate target plan

Fields marked with * are mandatory.

Introduction

The European Green Deal, adopted by the Commission in December 2019, has tackling climate change and reaching the objectives of the Paris agreement and other environmental issues at its core. One of its central elements is the 2050 climate neutrality objective, which the Commission proposed in 2018 and the European Council and Parliament endorsed (see European Council conclusions of 12 December 2019; European Parliament resolution of 14 March 2019; European Parliament resolution of 28 November 2019). The Commission has proposed to enshrine climate neutrality into EU law. In order to set the EU on a sustainable path to achieve climate neutrality by 2050, in September 2020 the Commission has proposed an EU-wide, economy-wide net greenhouse gas emissions (GHG) reduction target by 2030 compared to 1990 of at least 55% in its Communication on stepping up Europe's 2030 climate ambition.

Building on the 'Communication on stepping up the EU's 2030 climate ambition' and on the existing 2030 legislation, the Commission will review and propose to revise, where necessary, the key relevant legislation by June 2021. This will include a coherent set of changes to the existing 2030 climate, energy and transport framework, notably related to the EU Emissions Trading System (ETS) Directive, the Effort Sharing Regulation (ESR), the Land Use, Land Use Change and Forestry (LULUCF), Regulation, CO2 Emissions Performance Standards for Cars and Vans and the Renewable Energy Directive and the Energy Efficiency Directive. Other relevant initiatives include the revision of the Energy Taxation Directive.

This consultation focuses on the Effort Sharing Regulation whose scope covered 59 % of total greenhouse gas emissions in the EU-27 (excluding LULUCF) in 2019, that is, emissions from the sectors not covered by the EU ETS or LULUCF. Therefore, the Regulation includes CO2 emissions from road transport, heating of buildings, small-scale industry and other greenhouse gas emissions (CH4, N2O, F-gases), mainly from agriculture, energy and waste.

The Effort Sharing Regulation sets binding annual reduction targets for Member States, with an overall aim to reduce EU emissions in the sectors covered by 30% compared to 2005 by 2030. These national targets are set taking into account both national wealth and cost-effectiveness. The Effort Sharing Regulation allows for flexibilities such as transfers between Member States. It also includes some degree of flexibility to use credits generated under the LULUCF Regulation, and some flexibility with the EU ETS that can be used to meet the overall reduction targets.

This public consultation invites public administrations, citizens and organisations to contribute to

the preparation for future legislative action in the Effort Sharing Regulation. The results of the consultation (which will be summarised and published) will inform the Impact Assessment, accompanying the Commission proposal for revising the ESR.

There are additional parallel public consultations on the review of the LULUCF Regulation, the EU ETS Directive, and the CO_2 standards for cars and vans Regulation.

Guidance on the questionnaire

This public consultation consists of some introductory questions related to your profile, followed by a questionnaire. **Please note that you are not obliged to respond to all questions in the questionnaire.**

The Commission already held an open public consultation on increasing the 2030 climate ambition, which was open for 12 weeks from 31 March to 23 June 2020. Many high-level questions related to the increased climate ambition were asked in the context of that consultation. The present questionnaire therefore focuses on more specialised and detailed questions on the design of the ESR.

At the end of the questionnaire, you are invited to provide any additional comments and to upload additional information, position papers or policy briefs that express the position or views of yourself or your organisation.

The results of the questionnaire as well as the uploaded position papers and policy briefs will be published online. Please read the specific privacy statement attached to this consultation informing on how personal data and contributions will be dealt with.

In the interest of transparency, if you are replying on behalf of an organisation, please register with the register of interest representatives if you have not already done so. Registering commits you to complying with a Code of Conduct. If you do not wish to register, your contribution will be treated and published together with those received from individuals.

About you

* Language of my contribution

- ○ Bulgarian
- ○ Croatian
- ○ Czech
- ○ Danish
- ○ Dutch
- ● English
- ○ Estonian
- ○ Finnish
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* I am giving my contribution as

- Academic/research institution
- (x) Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Eivind

* Surname

Steen

* Email (this won't be published)

esteen@eurelectric.org

* Organisation name

255 character(s) maximum

Eurelectric

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees) [selected]
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

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* Country of origin

Please add your country of origin, or that of your organisation.

Afghanistan	Djibouti	Libya	Saint Martin
Åland Islands	Dominica	Liechtenstein	Saint Pierre and Miquelon
Albania	Dominican Republic	Lithuania	Saint Vincent and the Grenadines
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- Solomon Islands
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- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
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Burkina Faso	Honduras	Norfolk Island	Tokelau
Burundi	Hong Kong	Northern Mariana Islands	Tonga
Cambodia	Hungary	North Korea	Trinidad and Tobago
Cameroon	Iceland	North Macedonia	Tunisia
Canada	India	Norway	Turkey
Cape Verde	Indonesia	Oman	Turkmenistan
Cayman Islands	Iran	Pakistan	Turks and Caicos Islands
Central African Republic	Iraq	Palau	Tuvalu
Chad	Ireland	Palestine	Uganda
Chile	Isle of Man	Panama	Ukraine
China	Israel	Papua New Guinea	United Arab Emirates
Christmas Island	Italy	Paraguay	United Kingdom
Clipperton	Jamaica	Peru	United States
Cocos (Keeling) Islands	Japan	Philippines	United States Minor Outlying Islands
Colombia	Jersey	Pitcairn Islands	Uruguay
Comoros	Jordan	Poland	US Virgin Islands
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- Czechia
- Democratic Republic of the Congo
- Denmark
- Kenya
- Kiribati
- Kosovo
- Kuwait
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- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Puerto Rico
- Qatar
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- Saint Lucia
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- **Anonymous**
  Only your contribution, country of origin and the respondent type profile that you selected will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.
- **Public**
  Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the personal data protection provisions

General questions

1.- In your opinion, when it comes to revising the Effort Sharing Regulation in view of the Commission’s proposal for an increased 2030 climate ambition, should sectors regulated by this Regulation deliver additional reductions; i.e. should the EU-wide target for the effort sharing sectors be increased?

- [x] Yes
- [ ] No
- [ ] Don’t have an answer

Please elaborate on your reply (if possible)

1000 character(s) maximum

All sectors need to contribute to the increased 2030 climate ambition. Cost efficiency remains at the core of the energy transition. The ETS sector is not able to deliver all required emission reduction alone. Preparedness of other sectors for net zero has to be increased gradually. Electrification in these sector remain a key component to achieve the new climate ambitions.

Furthermore, since reduction of these sectors are at this point not market-driven such as ETS covered sectors, it is of importance that the ESR covered sectors are subject to stringent emission reduction targets, while aided by policy-driven support for technology improvement.

2.- In your opinion, when it comes to revising the Effort Sharing Regulation in view of the Commission’s proposal for an increased 2030 climate ambition, should all Member States step-up their efforts and consequently pursue more ambitious targets?

- [x] Yes
- [ ] No
- [ ] Don’t have an answer

Please elaborate on your reply (if possible)

1000 character(s) maximum

The cost efficiency of emission reduction varies between member states. No country should however be allowed to increase their emissions.

3.- In your opinion, when it comes to revising the Effort Sharing Regulation in view of the Commission’s proposal for an increased 2030 climate ambition and an extended Emission Trading System, what is your opinion on the treatment of these sectors under the Effort Sharing Regulation?

Please indicate to what extent you agree with the following statements (scale from -2 (strongly disagree) to 0 (indifferent/no view) and to +2 (strongly agree)).

	-2	-1	0	+1	+2

Sectors covered in the future by the extended EU ETS should also remain under the Effort Sharing Regulation.	○	◉	○	○	○
Sectors covered in the future by an extended EU ETS should not remain under the scope of the Effort Sharing Regulation.	○	○	○	◉	○
My view depends on the sector(s) under consideration (please explain in the text box).	○	○	◉	○	○

Please elaborate on your reply (if possible)

1000 character(s) maximum

Eurelectric generally supports the application of carbon pricing in other sectors but is wary about implementation.

A CO2 price signal is essential to tackle CO2 emissions: a separate EU wide emission trading system for emissions of current ESR sectors next to the existing EU ETS need to be assessed for efficiency for emissions reductions at a first step. The current EU ETS has been developed over many years, and any possible scope extension must be carefully assessed, both for current EU ETS sectors as well as the new sectors.

Should a separate test be set up, the carbon price signal must be carefully assessed to reaching decarbonisation of road transport or buildings.

In order to maintain the involvement of Member States in driving emissions down, the ESR should be maintained. However, should the new sectors in the future be included in a single EU ETS, this should be revisited and analysed.

Overlapping policies within the EU ETS should be avoided.

4.- In your opinion, when it comes to revising the Effort Sharing Regulation, do you see merit in excluding agricultural non-CO_2 emissions from the scope of the Effort Sharing Regulation provided these emissions are regulated elsewhere, for instance by combining agriculture non-CO_2 emissions and LULUCF emissions under one regulatory instrument?

- ○ Yes, from 2026 onwards
- ○ Yes, after 2030
- ○ No
- ◉ Don’t have an answer

Please elaborate on your reply (if possible)

1000 character(s) maximum

Expert questions

Scope

As indicated in the Impact Assessment accompanying the Communication for Stepping up Europe's 2030 climate ambition, one of the key issues is whether the current scope of the EU Emissions Trading System and the Effort Sharing Regulation should be retained, or the scope of one or both regulatory instruments should be changed.

5.- Do you see a need to reduce the sectorial coverage of the Effort Sharing Regulation in parallel to an extension of the EU Emissions Trading System (ETS)?

- ○ Yes
- ○ No
- ◉ Don't have an answer

6.- If yes, which sectors would you change, when and how?

- ○ If a sector is covered by emissions trading, it should be immediately removed from the scope of the Effort Sharing Regulation.
- ◉ If a sector is covered by emissions trading, it should be removed from the scope of the Effort Sharing Regulation, once emissions trading for this sector has proven successful.

Specify

- ○ All fossil fuel combustion
- ○ Buildings and transport
- ◉ Buildings only
- ○ Transport only

Please elaborate on your reply (if possible)

1000 character(s) maximum

New carbon pricing systems for other sectors could be explored in parallel for possible future integration as and when needed, but further assessment must take place with thorough testing and standalone systems.

Transitional arrangements for an extension of ETS scope would allow for setting up gradually the required regulatory framework and administrative capacity for this downstream approach. Once the trading system for the new sectors has proven effective for GHG reductions, they could be assessed for possible integration in the ETS.

The testing of transport and buildings separate EU-wide carbon pricing market systems while maintained in the scope of the ESR would:1) provide an EU carbon pricing instrument to help MS to achieve national reduction targets under ESR, 2)force MSs to introduce additional measures to foster the decarbonisation of ESR sectors, 3) transfer the correct price signals, 4) set a level playing field

7.- In your view, which considerations should be taken into account in deciding whether some emissions should feature in the scope of both the Effort Sharing Regulation and the EU Emissions Trading System (ETS)?

Please indicate to what extent you agree with the following statements (scale from -2 (strongly disagree) to 0 (indifferent/no view) and to +2 (strongly agree)).
Not all statements have to be rated.

	-2	-1	0	+1	+2
Double coverage should only be considered, if the environmental integrity of the EU emissions reduction target is ensured.				X	
Double coverage should only be considered, if cost-effectiveness is not impaired.				X	
Double coverage should only be considered, if no undue emission monitoring challenges arise.			X		
Double coverage would need to maintain/strengthen incentives for national reduction policies in those sectors.					X
Double coverage may have implications for the design and use of existing flexibilities.				X	
Others (please explain in the open text below)				X	

Please elaborate on your reply (if possible)

1000 character(s) maximum

Policy overlaps to the EU ETS are not optimal and should be avoided. However, it should not prevent the necessary testing to take place at this time. Measures to mitigate policy overlaps with the ETS in the case of extending to other sectors have to be investigated, assessed and addressed in the medium term.

The impact assessment for the Effort Sharing Regulation will examine as one option the phasing out of this policy instrument. This would be a consequence of the combination of the extension of the ETS to all fossil fuel combustion emissions and the grouping of agricultural emissions with LULUCF (these being both options that will be examined in the two relevant impact assessments), considerably reducing the scope of the Regulation.

8.- If this policy option were to be pursued what course of action should be chosen for phasing out the Effort Sharing Regulation?

- The Effort Sharing Regulation should be phased-out with immediate effect once the new frameworks regarding emissions trading and agricultural emissions enter into force.
- The Effort Sharing Regulation should be phased-out with immediate effect once the new frameworks as well as EU legislation for remaining methane emissions to reduce their climate footprint and a strengthened F-gases regulation enter into force.

- ○ The Effort Sharing Regulation should be phased-out once regulating of the concerned emissions by other tools has proven successful.
- ● Don’t have an answer

Please elaborate on your reply (if possible)

1000 character(s) maximum

> At this stage we call for clarity and a stepwise approach to assessing feasibility of potential inclusion of new sectors to the EU ETS
> if a dedicated ETS for one or two sectors to be tested, a trial period could be to check if, based on the evolution of the emissions, this tool is the right one for reducing emissions in those sectors. Indeed, any new carbon pricing systems for other sectors should be (a) assessed and (b) tested when needed in parallel. The primary assessment should take into account the national sectoral measures that already exist, will remain and can be strengthened.
> Considering the uncertainty on the possible impacts of ESR on the ETS, it is too early to ask for a timeframe for a possible phasing out of the ESR.
> The ESR should be maintained for involving the MS in the reduction of their emissions.
> In any case, a potential phase out should only be decided under the condition that the new architecture is subject to proven track records for reducing emissions.

Ambition

If the Effort Sharing Regulation is maintained, another key question is the overall ambition level of the Effort Sharing Regulation in the relevant scope and how this ambition level is shared out among Member States.

9.- In your view, in case the current scope of the Effort Sharing Regulation is kept do you consider it possible for EU-wide and national targets under the existing Effort Sharing Regulation to remain at current levels and if so under what circumstances?

- ● No, an increase in the EU-wide ESR target and reconsidering existing national targets is needed.
- ○ The ETS target would need to cover all additional reductions needed and the Effort Sharing target should remain as it is under the current Regulation.
- ○ A combination of increased ETS target and an increase in the LULUCF objectives would need to cover all additional reductions and the Effort Sharing target should remain as it is under the current Regulation.
- ○ Don’t have an answer

Please explain why.

1000 character(s) maximum

> The Impact assessment identifies a contribution of the current EU ETS sectors to the increased 2030-target of 63% compared to 2005 for the 55%-reduction scenarios of the IA. However, this value does not reflect

accurately the specific proposals of the “Communication on stepping up the EU’s 2030 climate ambition”. In particular, the proposal to increase the contribution of anthropogenic sinks (LULUCF) beyond the business as usual (no-debit-rule) to at least 300 Mio. t CO2 needs to be taken into account in the sector sharing.

10.- The ‘Communication on stepping up the EU’s 2030 climate ambition’ and the accompanying impact assessment presented in September 2020 looked at the contributions of the sectors potentially covered by the Effort Sharing Regulation to achieve an increased 2030 climate ambition. In your opinion, should the EU-wide Effort Sharing Regulation ambition level be increased in view of the increased 2030 target?

- (x) Yes, proportionally to the contributions of the effort sharing sectors to the at least 55% reduction target in line with the scenarios depicted in the impact assessment of the 2030 target plan.
- ( ) Yes, but less than proportional to the cost effective reduction potential per sector. Sectors covered by emissions trading should provide a more than proportional contribution to emission reductions.
- ( ) Yes, but more than proportional to the cost effective reduction potential of the ESR sectors.
- ( ) No need to increase the ambition level in the Effort Sharing Regulation itself.

11.- Currently Member States’ targets under the Effort Sharing Regulation are mainly determined based on wealth, with some adjustments to reflect cost-effectiveness. Do you see a need for changing the distribution criteria?

- (x) Yes (please explain your reasoning in the textbox)
- ( ) No
- ( ) Don’t have an answer

Please elaborate on your reply (if possible)

1000 character(s) maximum

The increase in the expected objective from 2020 to 2030 in ESR sectors, together with the technological change that is beginning now to decarbonise these sectors, makes it prudent to maintain the economic criteria (with certain adjustments that reflect cost-effectiveness) for set national targets.

12.- In your view, if the EU-wide effort sharing target for 2030 was increased, what would be the most relevant criteria for distributing the additional efforts between Member States?

Please indicate to what extent you agree with the following statements (scale from -2 (strongly disagree) to 0 (indifferent/no view) and to +2 (strongly agree)).
Not all statements have to be rated.

	-2	-1	0	+1	+2
Those Member States that are best equipped economically to reduce greenhouse gas emissions should do relatively more.				X	
The contribution of Member States should be linked to cost effective emission reduction potentials.			X		
The distribution of additional efforts should also take into account Member States' ambitions in their national energy and climate plans.		X			
The distribution of additional efforts should also take into account long-term convergence in effort sharing sectors in view of climate neutrality by 2050.					X
Other criteria should be taken into account (please explain in the open text below).					

Please elaborate on your reply (if possible)

1000 character(s) maximum

Interaction between the Effort Sharing Regulation and the Land Use, Land Use Change and Forestry (LULUCF) Regulation

EU climate policy covers emissions from agricultural activities under both the Effort Sharing Regulation and the LULUCF Regulation. There is some flexibility between these two Regulations: if a Member State generates LULUCF credits, it may use them to achieve its Effort Sharing target more easily. The possibility to use this flexibility is larger for Member States, with larger agricultural emissions, in recognition that for these Member States it may be more difficult to achieve their national climate targets. There is a parallel public consultation ongoing on the revision of the LULUCF regulation and stakeholders are invited to share their views under the LULUCF consultation as well.

13.- The EU will need to remove a substantial amount of GHG from the atmosphere to achieve its objective of climate neutrality by 2050. Reaching this level of carbon removals needs a strengthening of the EU natural sink beyond its current level (about 264 million tonnes CO_2 equivalent in 2018). A current incentive is the possibility for Member States to generate LULUCF credits, through stringent accounting rules, that can be used to achieve their Effort Sharing target. At the same time, there is an obligation to compensate any net LULUCF debits by increased reductions in sectors covered by the Effort Sharing Regulation. What is your view on how LULUCF should interact under the Effort Sharing Regulation?

Please indicate to what extent you agree with the following statements (scale from -2 (strongly disagree) to 0 (indifferent/no view) and to +2 (strongly agree)).
Not all statements have to be rated.

	-2	-1	0	+1	+2

The current regulatory framework includes a LULUCF flexibility for compliance of an EU-wide maximum of approximately 26,2 million tonnes per year over 10 years based on LULUCF credits at Member State level. Alternatively, Member States must also compensate any LULUCF debits with additional reductions in sectors covered by the Effort Sharing Regulation. This level of flexibility is appropriate and should be kept as such.	○	○	●	○	○
If targets under the Effort Sharing are increased, also the maximum allowed amount of credits under the LULUCF flexibility at Member State level should be increased to strengthen incentives for carbon removals.	○	○	●	○	○

14.- How should the ESR contribute to the design of the architecture of EU climate policy when it comes to agriculture?

- ○ Continue to include agricultural non-CO_2 emissions under the Effort Sharing Regulation; continue to allow for the use of LULUCF credits in the Effort Sharing Regulation up to the current limit and to compensate LULUCF debits with additional reductions in sectors covered by the Effort Sharing Regulation.
- ○ Continue to include agricultural non-CO_2 emissions under the Effort Sharing Regulation and to compensate LULUCF debits with additional reductions in sectors covered by the Effort Sharing Regulation; increase the possibility to effectively use LULUCF credits in the Effort Sharing Regulation independent of a change to Effort Sharing Regulation target levels.
- ○ Continue to include non-CO_2 agricultural emissions under the Effort Sharing Regulation and to compensate LULUCF debits with additional reductions in sectors covered by the Effort Sharing Regulation; increase the possibility to use LULUCF credits in the Effort Sharing Regulation, in case Effort Sharing Regulation targets are increased.
- ○ Exclude emissions from agriculture from the ESR and regulate them elsewhere.
- ○ Other

Flexibility mechanisms

As indicated in the impact assessment accompanying Europe’s 2030 climate ambition step-up, the achievement of the national targets under the Effort Sharing Regulation will require continued strengthening of policies or the use of flexibility mechanisms in a number of Member States. There is a parallel public consultation ongoing on the revision of the EU ETS Directive and stakeholders are invited to share their views under the EU ETS consultation as well.

15.- If you consider that flexibility mechanisms should be enhanced to achieve the increased 2030 climate ambition, which flexibility instrument(s) would you select?

Multiple answers allowed

- [ ] Flexibility with the EU ETS.
- [ ] Flexibility with the land use sector.
- [x] Flexibility over time (banking), depicted in article 5 of the Effort Sharing Regulation.
- [x] Flexibility over time (borrowing), depicted in article 5 of the Effort Sharing Regulation.
- [x] Flexibility between countries (transfer of annual emission allocations).
- [ ] Don’t have an answer.

Please elaborate on your reply (if possible)

1000 character(s) maximum

The Impact Assessment on the ESR has to study the coherence of the Effort Sharing Regulation with the revision of the ETS, LULUCF, REDII, EED, EPBD and ETD. The flexibilities inside the ESR and between the three sectors (ETS, ESR, LULUCF) need to be assessed taking into account the more ambitious targets. No increase of flexibilities with LULUCF. In the event the ESR joins the ETS fully, the question of the flexibility disappears, and becomes a question a global reduction effort, and which sectors reduce more than others.

16.- As regards the flexibility to use a limited number of ETS allowances for compliance with the national target under the Effort Sharing Regulation, what would be the statement that best reflects your opinion?

Please indicate to what extent you agree with the following statements (scale from -2 (strongly disagree) to 0 (indifferent/no view) and to +2 (strongly agree)).

Not all statements have to be rated.

	-2	-1	0	+1	+2
The current limited ETS flexibility for some Member States remains appropriate even with increased targets.				X	
With an extended ETS, the ETS flexibility should be abolished or reduced, in particular if the scope of the ESR is reduced.				X	
In case of increased Effort Sharing Regulation targets, the ETS flexibility should be made accessible to all Member States.		X			
The ETS flexibility should only be applicable for ETS allowances originating from the EU ETS, not for allowances from sectors in transitional ETS arrangements.				X	

Monitoring, reporting and compliance

The Effort Sharing emissions are determined by the following calculation: Effort Sharing emissions = total GHG emissions - according to EU scope for UNFCCC- (excluding LULUCF and international aviation) minus domestic aviation CO_2 emissions minus stationary ETS emissions.

A strong monitoring and compliance system has been put in place to monitor Member States' action and help them take corrective measures if they fail to meet their targets under the Effort Sharing legislation. Under the Governance Regulation, Member States have to report on their GHG annual emissions and projected progress towards meeting their 2030 target and annual emission limits in 2021-2030, as well as information on planned additional national policies and measures to meet their commitments. The Commission evaluates and reports annually on Member States’ progress towards achieving the targets and also performs a comprehensive review of Member States' annual emissions reports and a compliance check every 5 years, aligning the ESR with the 5-year review cycle set out in the Paris Agreement.

On the other hand, the annual procedure of monitoring, reporting and verification (MRV), together with all the associated processes, is known as the ETS compliance cycle. Every year, operators must submit an emissions report. An accredited verifier must verify the data for a given year by 31 March of the following year. Once verified, operators must surrender the equivalent number of allowances by 30 April of that year. In light of the phase 4 (2021-2030) revision of the EU ETS, the regulation on monitoring and reporting and the regulation on verification and accreditation are currently under review.

17.- In your view, in case of some emissions being included in both the Effort Sharing Regulation and the Emission Trading System scope, what implications would that have for monitoring and compliance, and how could they best be addressed?

1000 character(s) maximum

MRV and compliance rules should be closely aligned. The ETS emissions of year n are published in April n+1. For ESR, the emissions are published in year n+2, because Member States have to reconcile their data in order to be transmitted to EEA. And, because emissions are much more distributed, there are not as closely monitored as in the ETS. This could be a real challenge implement an alignment of the MRV provisions in a practical way.

18.- In your view, are there sufficient incentives for Member States to comply with increased Effort Sharing Regulation targets in order to ensure that the increased 2030 climate ambition is realised?

- ( ) Yes
- ( ) No
- (x) Don’t have an answer

Final remarks

19.- Finally, are any additional important elements to be further reflected in view of the contemplated changes to the Effort Sharing Regulation and the overall climate policy architecture to deliver the increased 2030 climate ambition?

- (x) Yes
- ( )

No

If yes, please provide your additional remarks.

1000 character(s) maximum

Eurelectric supports a target of at least 55% GHG emissions by 2030. The Power sector calls for clarity as soon as possible on the necessary regulatory framework for investors. Policy makers must ensure policy coherence between the instruments and ensure a strengthened and well-functioning ETS system to drive cost effective investments by limiting the possible disturbances in the ETS price evolution.

The rate of electrification need to be accelerated. The IA of the Commission from 2018 concluded that the single most important tool to reduce climate emissions are increased use of electricity. ESR must take the demand side engagement for electrification into account. We call for an electrification strategy to ensure a sufficient acceleration

Eurelectric believe the ESR sectors would need to increase their reductions for the EU to reach its overall climate reduction goal of -55% by 2030. ESR provisions make MS accountable for the emissions and should be maintained.

Should you wish to provide additional information (for example a position paper) or raise specific points not covered by the questionnaire, you can upload your additional document here.

Please note that the uploaded document will be published alongside your response to the questionnaire which is the essential input to this public consultation. The document is an optional complement and serves as additional background reading to better understand your position.

Please upload your file

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/Effort_Sharing_Regulation_key_messages_Eurelectric_5_february_2021.pdf

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Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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